

October 27, 2004
Fiscal 2005, ending March 2005

Consolidated Financial Results (Interim Period)

Daihatsu Motor Co., Ltd.

Listed company name:	Daihatsu Motor Co., Ltd.
Security code:	7262 (used in Japanese securities industry)
Head office:	1-1, Daihatsu-cho, Ikeda City, Osaka Pref., Japan
Meeting of the board of directors for interim closing held on:	October 27, 2004
Parent company:	Toyota Motor Corp. (Code No. 7203)
Percentage of share ownership by the parent company:	51.3%
Stock listings:	First section of Osaka Securities Exchange and Tokyo Stock Exchange
Adoption of US GAAP:	No

1. Financial Results for Fiscal 2005 Interim Period (From April 1, 2004 to September 30, 2004)

(Amounts less than ¥1 million, except per share amounts, have been omitted in the following tables.)

(1) Consolidated operating results

(Millions of yen)

	FY2005 Interim Period		FY2004 Interim Period		FY2004 (ended March 2004)
Net sales	552,807	[15.9%]	477,015	[4.7%]	993,613
Operating income	16,474	[91.6%]	8,598	[85.6%]	28,358
Recurring income	16,138	[91.6%]	8,425	[45.4%]	27,943
Net income in the current interim period	9,617	[154.6%]	3,777	[193.9%]	17,280
Net income per share in the current interim period (Yen)	22.53		8.84		40.16
Post-dilution net income per share in the current interim period (Yen)	—		8.33		38.87

Notes: 1. Equity in loss of unconsolidated subsidiaries and affiliates

FY2005 Interim Period (ended September 2004): 748 million yen

FY2004 Interim Period (ended September 2003): 418 million yen

FY2004 (ended March 2004): 1,839 million yen

2. Average number of shares in the period (consolidated)

FY2005 Interim Period (ended September 2004): 426,842,442

FY2004 Interim Period (ended September 2003): 426,808,020

FY2004 (ended March 2004): 426,830,669

3. Changes in the accounting method: [x] Yes, [] No

4. Percentage (%) shown for Net sales, Operating income, Recurring income, and Net income in the current interim period represents a yearly change from previous interim period, respectively.

(2) Consolidated financial position

(Millions of yen)

	FY2005 Interim Period		FY2004 Interim Period		FY2004 (ended March 2004)
Total assets	823,134		735,589		795,273
Shareholders' equity	222,894		202,788		221,644
Shareholders' equity ratio		27.1%		27.6%	27.9%
Shareholders' equity per share (Yen)	522.20		475.7		518.93

Note: Numbers of outstanding shares as of the end of the period (Consolidated):

FY2005 Interim Period (ended September 2004): 426,830,569

FY2004 Interim Period (ended September 2003): 426,856,662

FY2004 (ended March 2004): 426,850,614

(3) Consolidated cash flow position

(Millions of yen)

	FY2005 Interim Period		FY2004 Interim Period		FY2004 (ended March 2004)
Cash flow in business activities	44,994		40,812		76,639
Cash flow in investment activities	(29,212)		(11,630)		(27,610)
Cash flow in financial activities	(9,348)		(29,735)		(34,183)
Ending balance of cash and equivalents	62,613		41,119		56,105

(4) Scope of consolidation and companies accounted for by the equity method

Number of consolidated subsidiaries: 64

Number of non-consolidated subsidiaries accounted for by the equity method: –

Number of affiliated companies accounted for by the equity method: 22

(5) Changes in scope of consolidation and companies accounted for by the equity method

Newly consolidated companies: 1

Newly unconsolidated companies: –

Companies newly accounted for by the equity method: 1

Companies no longer accounted for by the equity method: 1

2. Projected Consolidated Operating Results for Fiscal 2005 (From April 1, 2004 to March 31, 2005)

	(Millions of yen)
	Full year
Net sales	1,140,000
Recurring income	38,000
Net income	24,000

Ref.: Estimated net income per share for the year: ¥56.22

Note: It is possible that the company's actual operating results for the year ending March 2005 will be different from the above projected figures due to supply and demand trends in our primary markets, uncertainty in foreign exchange rates, and other factors. Please refer to page 6 for information related to the above projected operating results.

Attached Data

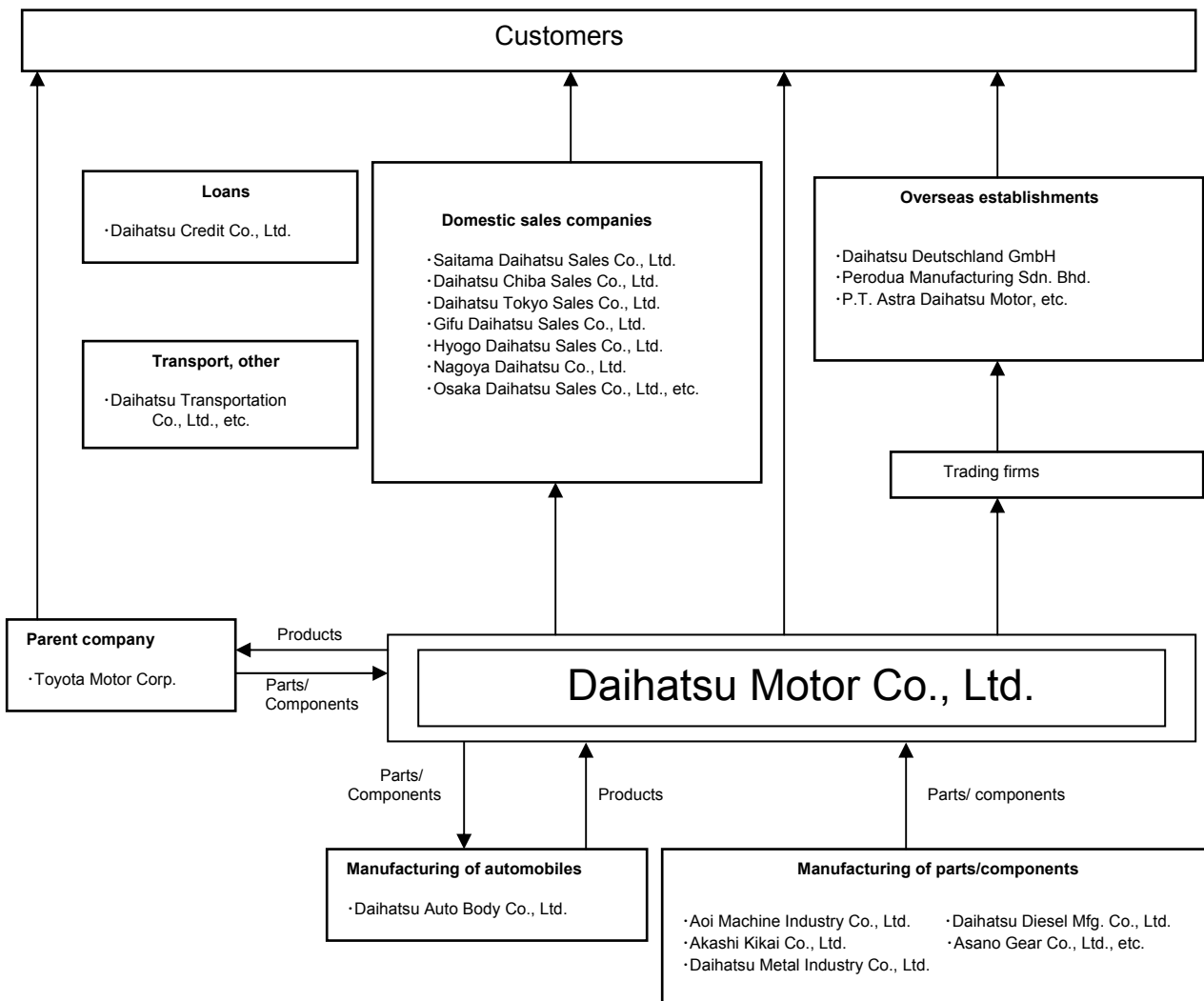
Position of the Corporate Group

The Daihatsu group, comprising the company, 64 subsidiaries and 26 affiliates, manufactures and sells automobiles as its main line of business. In Japan, automobiles are manufactured by the company and Daihatsu Auto Body Co., Ltd., while auto parts manufactured by affiliates are delivered to the company. Domestic sales and distribution are handled by 64 Daihatsu sales companies throughout the country, including Hyogo Daihatsu Sales Co., Ltd., selling cars directly to customers. To some large-lot customers, however, sales are conducted directly by the company. Transport of automobiles to the domestic sales companies is handled exclusively by Daihatsu Transportation Co., Ltd. Sales loans for automobiles are taken care of by Daihatsu Credit Co., Ltd.

As for overseas markets, sales of automobiles are handled by Daihatsu Deutschland GmbH and other sales companies. To Perodua Manufacturing Sdn. Bhd., P.T. Astra Daihatsu Motor and other overseas companies, the company supplies parts and components in knock-down kits, for automobiles to be assembled.

The company also assembles cars and other automobiles on commission by the company's parent company, Toyota Motor Corp., including delivery of OEM (original equipment manufacturing) cars.

The major business transactions are summarized in the following flow chart:



Management Policy

1. Basic management policy

We, Daihatsu Group, stand firmly by our fundamental belief of growing as a Group by contributing to society. Our objective is to seek and create new values required by the times, and to maintain our Group as an “attractive and conscientious entity” worthy of public sympathy, love and respect. Our basic management policy goes by the motto, “GOOD SERVICE TO CUSTOMERS IS EVERYTHING”; we are persistently striving to be a valuable asset to our community, customers, shareholders, suppliers and employees as well.

2. Basic dividend policy

Our basic policy in regard to dividends is to maintain a stable level of dividends for the long-term, and to distribute profits in consideration of business results, payout ratio and other factors.

Internal reserves will be allocated to investments that strengthen and enrich corporate structures for further group development.

3. Mid-term management strategies

Amidst growing concern for the global environment worldwide and changing values, we are convinced that the demand for compact cars will definitely grow in the future. In this kind of social environment, we are striving to be a leading company that can satisfy this demand, while staying true to our three basic objectives of “Developing Creative yet Attractive Products”, “Reinforcing and Expanding Business Foundations” and “Reforming Our Revenue Structure”. For this purpose, we are converging our management resources on the development of the small car business with particular focus on the manufacture of light motor vehicles.

4. Tasks to be tackled

To survive through the intensifying global market competition, our most important task is to establish a firm position in the field of small cars.

To this end, in addition to ensuring more profitability in the domestic operation, we are working for timely introduction of new products that are competitive in terms of quality and price, as well as further strengthening our domestic sales force. Furthermore, in the overseas operation, measures such as further advancement of Indonesia and Malaysia as production bases and further strengthening of the sales force will be implemented and we will work on further expansion of overseas business in other places such as China. In addition, all member companies of our group are working to create a firm business foundation through such efforts as improving our product quality and further enhancement of cost reduction activities.

5. Relation with the parties concerned (such as parent company)

As a member of the Toyota Group, we will build closer ties with Toyota Motor Corp., and strive to expand the small car business, which is our group’s specialty.

Corporate Business and Financial Summary

1. General conditions for the current interim period

During the interim period under review, the overall Japanese economy continued on with a sense of recovery. Corporate earnings showed signs of recovery, income environment are also looking up, the employment conditions are also improving and consumer spending is also hovering steadily.

In the automobile industry, new model cars have been introduced from various manufacturers since the middle of last year and the sales figure of mini cars (660 cc and below) has done well and was above the year-before results for the domestic market. On the other hand, sales figure of standard vehicles (661 cc and over) was below the year-before results for small-sized passenger vehicles hit the wall and commercial vehicles that have been successful decreased. As a result, the domestic market as a whole was below the year-before results. On the contrary, the export figures were above the year-before results due to the increase all areas as Europe and Asia though the North American markets had a slower growth.

In this environment, the core mini passenger vehicles including the mini car "MOVE LATTE" newly released in August in Japan have been highly evaluated in the markets and done well. Thus, the domestic sales figure of mini cars for a single interim period has reached the highest record. Moreover, the small-sized passenger vehicle that has been co-developed with Toyota Motor Corp. for the first time in Japan (DAIHATSU vehicle "BOON", Toyota vehicle "PASSO") has transited in good condition since the market introduction in June and the registered vehicles increased and the consigned operation in Japan has also increased.

At the same time, the overseas sales and overseas consigned operations have increased due to the favorable transition of the small car co-developed with Toyota Motor Corp. in Indonesia (DAIHATSU vehicle "XENIA", Toyota vehicle "AVANZA").

As a result, the domestic sales rose by 16,819 units, or 7.0%, from the previous year, to 257,332 units. The overseas sales increased 14,680 units, or 13.4%, from the previous year, to 123,964 units. We manufactured 112,675 units on consignment indicating an increase of 73,802 units, or 189.9% from the year-before total. We also have manufactured 1,694 units as an OEM supplier to Toyota Motor Corp., to be sold under the company's nameplate, showing a 75.2% drop of 5,130 units from the same period of the previous year. Total sales amounted to 495,665 units, a 25.3% rise of 100,171 units from the previous year.

In addition, we manufactured 4,240 sets of components for overseas production, showing an increase of 360 sets, or 9.3% over the previous year. We built 107,236 engines on consignment, an 18.0% year-on-year rise of 16,395 engines. The number of cars we produced climbed to 516,273, increase by 108,532 (26.6%) from the year-before period. (As we do not base production on orders, we do not show orders by value or volume.)

Net sales during the current interim period increased 15.9% or ¥75.7 billion from the year-before period to ¥552.8 billion. We posted ¥16.1 billion in recurring income, a 91.6% rise of ¥7.7 billion from the year before, while recording a 154.6% jump in net income for the interim period of ¥5.8 billion to ¥9.6 billion.

The performance by segment broken down by locations is as follows:

Japan: The increased car sales resulted in a 13.4% increase from the previous interim period in net sales of ¥59.4 billion to ¥501.8 billion. Also, operating income soared 95.3%, or ¥6.6 billion, from the previous interim period to ¥13.5 billion.

Asia: Net sales increased ¥17.8 billion, or 30.5%, to ¥76.2 billion, and operating income gained ¥1.3 billion, or 79.2% to ¥3.0 billion, from the previous interim period due to high transition of the car co-developed with Toyota Motor Corp. in Indonesia.

Europe: The net sales decreased ¥0.6 billion, or 9.6% to ¥6.1 billion, and operating income fell to -¥0.1 billion, ¥0.1 billion lower than the corresponding period of the previous year.

Other regions: Both net sales and operating loss were unchanged from the previous interim period at ¥0.

Concerning our financial condition at the end of the interim period, the total asset increased ¥27.8 billion to ¥823.1 billion from the previous balance due to ¥18.5 billion gain which lead to ¥367.3 billion in tangible fixed assets. Furthermore, though the other securities revaluation differences dropped ¥6.7 billion to ¥22.7 billion from the previous fiscal year-end balance, the shareholder's equity increased ¥1.2 billion to ¥222.8 billion from the previous balance due to posting of ¥9.6 billion in net income for the interim period.

Regarding our cash flow position, cash flow in business activities increased ¥4.1 billion from the previous interim period to ¥44.9 billion. This resulted mainly from the recording of ¥15.2 billion in pre-tax net income for the interim period and ¥23.6 billion in depreciation.

Cash flow in investment activities increased ¥17.5 billion from the previous interim period to -¥29.2 billion due to the ¥32.7 billion expenditure to acquire tangible fixed assets and other factors. Our cash flow in financial activities increased ¥20.3 billion from the previous interim period to -¥9.3 billion, due to the ¥7.2 billion decrease in borrowings and other

factors.

As a result of these activities, the balance of cash and cash equivalents at the end of the interim period under review increased ¥21.4 billion from the previous interim period to ¥62.6 billion.

2. Outlook for the full fiscal year

Concerning the economic future prospect, although the overall business climate is on a recovery trend, there are still causes for concern such as the effects that the increase in raw material costs (rising cost of steel and soaring oil price) may cause to the corporate performance and slowdown in exports due to the deceleration of the world economy. Therefore, we believe that the economic conditions will remain unpredictable for some time to come.

In the automobile industry, though effects of a new model introduction may be expected for registered vehicles, the new model effect will settle for mini cars and thus it is envisioned it will remain at the same level as in the previous fiscal year, as a whole for the domestic market. At the same time, as for export, the export environment remains to be in an uncertain condition because of the effect on automobile sales mainly in North America due to soaring oil cost and appreciation of yen.

For the full fiscal year, we forecast a 14.7% increase from the previous year in sales to ¥1.14 trillion, a 36.0% incline from the previous year in recurring income to ¥38 billion, and a 38.9% incline from the previous year in net income to ¥24.0 billion.

Please be advised that actual performance may differ from our forecast due to uncertain factors in our major markets, including supply and demand trends as well as exchange rates.

Highlights of Consolidated Financial Results for the Interim Period

1. Consolidated results

	FY2005 Interim Period (From April 1, 2004 to September 30, 2004)	FY2004 Interim Period (From April 1, 2003 to September 30, 2003)	Increment (Decrement)		(Millions of yen)
					FY2004 (From April 1, 2003 to March 31, 2004)
			Amount	Ratio	
Net sales	552,807	477,015	75,791	15.9%	993,613
Operating income	16,474	8,598	7,876	91.6%	28,358
Recurring income	16,138	8,425	7,713	91.6%	27,943
Net income in the current interim period	9,617	3,777	5,840	154.6%	17,280
Net income per share in the current interim period (Yen)	22.53	8.84	13.69	154.9%	40.16

2. Consolidated number of automobiles sold

	FY2005 Interim Period (From April 1, 2004 to September 30, 2004)	FY2004 Interim Period (From April 1, 2003 to September 30, 2003)	Increment (Decrement)		(Units)
					FY2004 (From April 1, 2003 to March 31, 2004)
			Amount	Ratio	
Mini cars					
Domestic	247,627	236,186	11,441	4.8%	504,720
Export	76,524	81,408	(4,884)	(6.0%)	166,629
Subtotal	324,151	317,594	6,557	2.1%	671,349
Small cars					
Domestic	9,705	4,327	5,378	124.3%	8,219
Export	47,440	27,876	19,564	70.2%	64,264
Subtotal	57,145	32,203	24,942	77.5%	72,483
Daihatsu cars					
Domestic	257,332	240,513	16,819	7.0%	512,939
Export	123,964	109,284	14,680	13.4%	230,893
Subtotal	381,296	349,797	31,499	9.0%	743,832
Toyota cars					
Consigned cars (Domestic)	82,828	38,873	43,955	113.1%	77,433
Consigned cars (Oversea)	29,847	—	29,847	—	7,038
OEM cars	1,694	6,824	(5,130)	(75.2%)	13,380
Subtotal	114,369	45,697	68,672	150.3%	97,851
Grand total	495,665	395,494	100,171	25.3%	841,683
Parts for overseas production (Sets)	4,240	3,880	360	9.3%	9,580
Consigned engines	107,236	90,841	16,395	18.0%	184,240

3. Consolidated sales

(Millions of yen)

	FY2005 Interim Period (From April 1, 2004 to September 30, 2004)	FY2004 Interim Period (From April 1, 2003 to September 30, 2003)	Increment (Decrement)		FY2004 (From April 1, 2003 to March 31, 2004)
			Amount	Ratio	
Daihatsu cars					
Domestic	329,477	306,644	22,833	7.4%	651,114
Export	96,573	94,285	2,288	2.4%	187,231
Subtotal	426,051	400,929	25,121	6.3%	838,345
Consigned/OEM	126,756	76,086	50,669	66.6%	155,268
Total	552,807	477,015	75,791	15.9%	993,613

4. Positions of consolidated cash flow

(Millions of yen)

	FY2005 Interim Period (From April 1, 2004 to September 30, 2004)	FY2004 Interim Period (From April 1, 2003 to September 30, 2003)	Increment (Decrement)	FY2004
				(From April 1, 2003 to March 31, 2004)
Cash flow from sales and marketing activities	44,994	40,812	4,181	76,639
Cash flow from investment activities	(29,212)	(11,630)	(17,582)	(27,610)
Cash flow from financial activities	(9,348)	(29,735)	20,387	(34,183)
Conversion variance for cash and cash equivalents	74	(47)	122	(460)
Increase/decrease in cash and cash equivalents	6,507	(601)	7,108	14,384
Balance of cash and cash equivalents at beginning of period	56,105	41,720	14,384	41,720
Balance of cash and cash equivalents at end of period	62,613	41,119	21,493	56,105

Note: Amounts less than ¥1 million have been omitted in this table.

Reference: Comparison with non-consolidated statement

(Millions of yen)

	Consolidated account	Non-consolidated account	Difference	Ratio of consolidated/ non-consolidated accounts
Net sales	552,807	435,077	117,729	1.27
Recurring income	16,138	13,644	2,494	1.18
Net income for the interim period	9,617	9,444	173	1.02
Net income per share for the interim period (Yen)	22.53	22.11	0.42	1.02

Note: Amounts less than ¥1 million have been omitted in this table.

Consolidated Statements of Profit and Loss for the Interim Period

(Millions of yen)

	FY2005 Interim Period (From April 1, 2004 to September 30, 2004)		FY2004 Interim Period (From April 1, 2003 to September 30, 2003)		Increment (Decrement)	FY2004 (From April 1, 2003 to March 31, 2004)	
Net sales	552,807	100.0%	477,015	100.0%	75,791	993,613	100.0%
Cost of sales	430,478	77.9%	367,656	77.1%	62,821	759,644	76.5%
Total gross profit before adjustment of sales profits deferred	122,328	22.1%	109,359	22.9%	12,969	233,968	23.5%
Adjustments of sales profits deferred	(266)		110		(377)	(101)	
Gross profit	122,061	22.1%	109,469	22.9%	12,592	233,867	23.5%
Selling, general and administrative expenses	105,587	19.1%	100,871	21.1%	4,715	205,509	20.6%
Operating income	16,474	3.0%	8,598	1.8%	7,876	28,358	2.9%
Non-operating profits:							
Interest and dividend income	441		547		(105)	1,030	
Return on investment, based on the equity method	748		418		330	1,839	
Miscellaneous profits	1,624		1,985		(361)	3,935	
Total non-operating profits	2,813		2,950		(136)	6,805	
Non-operating expenses:							
Interest expense	354		712		(357)	1,274	
Miscellaneous losses	2,795		2,411		384	5,946	
Total non-operating expenses	3,149		3,123		26	7,220	
Recurring income	16,138	2.9%	8,425	1.8%	7,713	27,943	2.8%
Extraordinary losses:							
Impairment loss	928		—		928	—	
Total extraordinary losses	928		—		928	—	
Net income before tax adjustments, etc.	15,209	2.8%	8,425	1.8%	6,784	27,943	2.8%
Corporate and inhabitants' taxes and enterprise tax	8,468		8,355		112	16,365	
Corporate tax, other adjustments	(4,222)		(4,764)		541	(8,168)	
Minority shareholders' income	(-) 1,346		(-) 1,056		(289)	(-) 2,466	
Net income	9,617	1.7%	3,777	0.8%	5,840	17,280	1.7%

Note: Amounts less than ¥1 million have been omitted in this table.

Consolidated Balance Sheets for the Interim Period

(Millions of yen)

	FY2005 Interim Period (Ended September 30, 2004)	FY2004 (Ended March 31, 2004)	Increment (Decrement)	FY2004 Interim Period (Ended September 30, 2003)
Assets:				
Current assets:				
Cash on hand and in banks	17,867	20,861	(2,993)	15,745
Deposits	45,012	35,507	9,504	25,714
Notes and accounts receivable	180,481	188,362	(7,880)	160,538
Marketable securities	25	65	(40)	—
Inventories	65,296	53,165	12,130	51,957
Deferred tax assets	25,943	22,640	3,303	20,629
Other current assets	42,583	42,136	447	44,288
Allowance for doubtful receivables	(2,008)	(2,028)	19	(1,525)
Total current assets	375,201	360,710	14,491	317,348
Fixed assets:				
Tangible fixed assets:				
Buildings and structures	99,735	90,608	9,127	91,542
Machinery and transport equipment	128,734	116,066	12,667	111,258
Land	104,059	103,227	831	103,063
Construction in progress	8,930	14,728	(5,797)	14,190
Other fixed assets	25,848	24,147	1,701	23,178
Total tangible fixed assets	367,308	348,778	18,529	343,232
Intangible fixed assets	1,202	1,207	(5)	1,220
Investments and other assets:				
Investments in securities	66,250	77,061	(10,811)	60,342
Long-term loans receivable	2,372	2,485	(112)	2,683
Deferred tax assets	7,644	1,867	5,776	7,535
Other investments and assets	3,259	3,261	(1)	3,292
Allowance for doubtful receivables	(105)	(100)	(5)	(67)
Total investments and other assets	79,422	84,576	(5,153)	73,787
Total fixed assets	447,933	434,562	13,370	418,241
Total assets	823,134	795,273	27,861	735,589

Note: Amounts less than ¥1 million have been omitted in this table.

	(Millions of yen)			
	FY2005 Interim Period (Ended September 30, 2004)	FY2004 (Ended March 31, 2004)	Increment (Decrement)	FY2004 Interim Period (Ended September 30, 2003)
Liabilities:				
Current liabilities:				
Notes and accounts payable	208,796	192,304	16,491	169,025
Short-term debt	116,800	121,876	(5,076)	107,415
Accrued corporation tax	10,448	14,044	(3,595)	9,801
Accrued expenses	72,570	63,131	9,439	55,748
Allowance for product warranty	8,248	8,268	(19)	8,779
Other current liabilities	69,444	64,139	5,304	52,990
Total current liabilities	486,309	463,764	22,544	403,759
Long-term liabilities:				
Long-term debt	23,433	21,334	2,098	39,626
Deferred tax liabilities	3,916	3,656	259	4,096
Reserve for employee retirement benefits	51,415	50,398	1,017	49,120
Reserve for directors' retirement allowance	1,526	1,911	(384)	1,479
Other long-term liabilities	2,595	2,650	(55)	3,269
Total long-term liabilities	82,887	79,951	2,935	97,592
Total liabilities	569,196	543,716	25,480	501,352
Minority interests	31,043	29,912	1,130	31,448
Shareholders' equity:				
Capital stock	28,404	28,404	-	28,404
Additional paid-in capital	10,837	10,837	-	10,837
Consolidated retained earnings	168,870	161,138	7,732	148,915
Other securities revaluation differences	22,704	29,427	(6,723)	19,234
Account of exchange adjustment	(7,841)	(8,094)	253	(4,537)
Less treasury common stocks	(80)	(69)	(11)	(66)
Total shareholders' equity	222,894	221,644	1,250	202,788
Total liabilities and shareholders' equity	823,134	795,273	27,861	735,589

Note: Amounts less than ¥1 million have been omitted in this table.

Consolidated Statement of Retained Earnings for the Interim Period

(Millions of yen)

	FY2005 Interim Period (From April 1, 2004 to September 30, 2004)	FY2004 Interim Period (From April 1, 2003 to September 30, 2003)	Increment (Decrement)	FY2004 (From April 1, 2003 to March 31, 2004)	
Capital surplus					
I	Capital surplus at the beginning of the interim period	10,837	10,827	9	10,827
II	Increase in capital surplus	–	9	(9)	9
	Gain on disposition of treasury stocks	–	9	(9)	9
III	Capital surplus at the end of the period	10,837	10,837	–	10,837
Earned surplus					
I	Earned surplus at the beginning of the period	161,138	146,758	14,379	146,758
II	Increase in earned surplus	9,617	3,777	5,840	17,280
	Net income for the period	9,617	3,777	5,840	17,280
III	Decline in earned surplus	1,885	1,619	265	2,900
	Cash dividends	1,717	1,494	222	2,775
	Bonuses for directors	167	125	42	124
IV	Earned surplus at the end of the period	168,870	148,915	19,954	161,138

Note: Amounts less than ¥1 million have been omitted in this table.

Consolidated Cash Flow Statement for the Interim Period

(Millions of yen)

	FY2005 Interim Period (From April 1, 2004 to September 30, 2004)	FY2004 Interim Period (From April 1, 2003 to September 30, 2003)	Increment (Decrement)	FY2004 (From April 1, 2003 to March 31, 2004)
I Cash Flow in Business Activities:				
Net income in the period before tax and other adjustments	15,209	8,425	6,784	27,943
Depreciation expenses	23,627	22,107	1,519	46,237
Increase/decrease in reserves	515	1,830	(1,314)	3,664
Interest earned and dividends received	(441)	(547)	105	(1,030)
Interest expenses	354	712	(357)	1,274
Return on invested capital under equity method	(748)	(418)	(330)	(1,839)
Gain or loss from sale and elimination of tangible fixed assets, etc.	1,476	153	1,323	1,279
Increase/decrease in trade receivables	11,376	27,230	(15,854)	(1,371)
Increase/decrease in inventories	(11,774)	943	(12,717)	(1,099)
Increase/decrease in trade debt	14,830	(16,899)	31,730	7,047
Increase/decrease in unpaid consumption tax and others	(1,018)	(179)	(839)	(429)
Others	3,259	3,115	143	4,230
Subtotal	56,667	46,474	10,193	85,906
Interest and dividends received	730	899	(169)	1,716
Interest paid	(352)	(687)	334	(1,335)
Corporate tax and other taxes paid	(12,051)	(5,873)	(6,177)	(9,648)
Cash flow in business activities	44,994	40,812	4,181	76,639
II Cash Flow in Investment Activities:				
Expenditure for acquisition of tangible fixed assets	(32,717)	(14,174)	(18,543)	(32,105)
Income from sale of tangible fixed assets	376	1,311	(935)	3,287
Income and expenditures from the acquisition of subsidiary stocks that involve changes in the scope of consolidation	867	—	867	—
Increase/decrease in short-term loans	1,684	313	1,371	161
Expenditure for long-term loans	(548)	(388)	(160)	(789)
Income from collection of long-term loans	668	717	(48)	1,305
Others	456	588	(131)	529
Cash flow in investment activities	(29,212)	(11,630)	(17,582)	(27,610)
III Cash Flow in Financial Activities:				
Increase/decrease in short-term borrowings	(5,456)	2,115	(7,571)	5,031
Income from long-term debt	15,125	16,170	(1,044)	33,195
Expenditure for repayment of long-term debt	(16,941)	(25,900)	8,959	(48,794)
Expenditure for redemption of convertible bonds	—	(19,993)	19,993	(19,993)
Dividends paid	(1,717)	(1,494)	(222)	(2,775)
Dividends paid to minor shareholders	(347)	(664)	317	(876)
Others	(11)	31	(43)	29
Cash flow in financial activities	(9,348)	(29,735)	20,387	(34,183)
IV Difference from Conversion to Cash and Equivalents	74	(47)	122	(460)
V Increase/decrease in Cash and Equivalents	6,507	(601)	7,108	14,384
VI Initial Balance of Cash and Equivalents	56,105	41,720	14,384	41,720
VII Balance of Cash and Equivalents at end of the period	62,613	41,119	21,493	56,105

Note: Amounts less than ¥1 million have been omitted in this table.

Basic Matters to be Taken into Consideration for the Preparation of Consolidated Financial Results for the Interim Period

1. Scope of consolidation

Consolidated subsidiaries : 64

Major subsidiaries : Daihatsu Auto Body Co., Ltd., Daihatsu Credit Co., Ltd., Daihatsu Chiba Sales Co., Ltd., Hyogo Daihatsu Sales Co., Ltd., Daihatsu Deutschland GmbH, and Perodua Manufacturing Sdn. Bhd.

(Increase): Daihatsu Tokyo Tama Co., Ltd.

2. Application of the equity method

Affiliated companies to which the equity method was applied: 22

Major affiliates: Daihatsu Diesel Mfg. Co., Ltd. and Osaka Daihatsu Sales Co., Ltd.

(Increase): Suwa Co., Ltd.

(Diminishment): Nara Daihatsu Co., Ltd.

3. Settlement date for consolidated subsidiaries

The interim period settlement date for the four consolidated subsidiaries Perodua Auto Corporation Sdn. Bhd., Perodua Manufacturing Sdn. Bhd., Perodua Engine Manufacturing Sdn. Bhd., and DMCA Inc. is June 30. We have used their interim period financial statements as of that date to compile this consolidated financial statement for the interim period. We have made necessary adjustments to reflect important transactions that have occurred between that date and the consolidated interim period settlement date.

4. Basis and method of accounting

(a) Basis and method of valuation of securities:

Other securities

- * Securities with market value are stated as determined by the market value method based on the market value, etc. on the last day of the interim period. (All valuation differences are handled by the direct insertion of capital method, and sales costs are calculated using the moving-average method.)
- * Securities without market value are stated at cost as determined by the moving average cost method.

(b) Basis and method of valuation of inventories:

- * Products (produced cars), products (supply parts), and work in progress are in general stated at lower cost as determined by the general average cost method.
- * Products (purchased cars) are in general stated at lower cost as determined by the separated method.
- * Raw materials are in general stated at lower cost as determined by the last-in first-out method.

(c) Depreciation methods of important depreciated assets:

Tangible fixed assets

Tangible fixed assets are depreciated primarily on the basis of the declining balance method. However, the straight line method is adopted for buildings (excluding attached facilities) acquired after April 1, 1998.

(d) Basis of accounting for important reserves:

Allowance for doubtful debts

We have made provisions for possible losses from accounts receivable or other loans. The estimate for irretrievable losses was allocated for general credits and specific credits such as doubtful debts by considering the loan loss ratio and the probability for recovery of each credit, respectively.

Allowance for product warranty

To provide for disbursements for post-sale service of products based on a written warranty, an estimated amount for service expenses during the warranty period is set aside.

Reserve for employee retirement allowance

To provide employees' retirement allowances, calculations are made based on estimated retirement allowance liability and pension assets as of the end of the current consolidated fiscal year.

Liabilities for past work service are treated as expenses when they arise based on the straight-line method using the employees' remaining years of service upon accrual.

Differences from actuarial calculation are treated as costs from the year following the accrual by the straight-line method for the employees' average remaining years of service upon accrual.

Reserve for directors' retirement benefits

To provide directors' retirement benefits for special services, an amount required for current interim period-end payment is set aside in accordance with internal regulations regarding the payment of such benefits.

(e) Accounting for important lease transactions:

Finance lease transactions, other than those where the ownership of the leased property is regarded as transferable to the lessee, are accounted for and treated by the accounting method applicable to normal rental transactions.

(f) Important hedge accounting method:

Forward exchange contracts and interest rate swaps are all appropriated to money claims and liabilities in foreign currencies. These transactions are conducted within the balance of money claims and liabilities in foreign currencies to avoid the fluctuation risk of foreign exchange rates in the future, in accordance with internal management rules and internal rules approved by the board meeting; transaction results are reported to the board meeting periodically.

(g) Method of treating consumption tax:

The tax-excluded method was adopted to treat consumption tax.

(h) Asset-impairment accounting standards

As the "Accounting Standard of Impairment Loss on the Fixed Assets" ("Opinion on Establishment of Accounting Standard of Impairment Loss on the Fixed Assets" (Business Accounting Council, August 9, 2002)) and the "Application Guideline for Accounting Standard of Impairment Loss on the Fixed Assets" (issue No.6 of Application Guidelines in Accounting Standards for Business Enterprises, October 31, 2003) may be applied to the consolidated financial statements for the fiscal year ending on March 31, 2004, the accounting standard and the application guideline have been applied from this interim period. The effect on the pre-tax net income for the interim period caused by this is ¥928 million.

5. Scope of funds for consolidated cash flow statements for the interim period

Funds (cash and cash equivalents) on the consolidated cash flow statements for the interim period include cash on hand, unrestricted cash, as well as easily realizable short-term investments due within three months from acquisition with minor value fluctuation risk.

Notes

(Related to consolidated statements of profit and loss for the interim period)

Impairment loss

Our group has posted the impairment loss for the following assets in this interim period.

Application	Category	Location
Idle	Real estate	Tokyo, etc.

With regard to the above real estate, the book value has been reduced to the recoverable value. Then, the said diminution has been posted to the extraordinary loss as the impairment loss (¥928 million).

Moreover, the recoverable value is measured from the net sale value. The current value is evaluated, based on the assessed value of fixed asset tax.

Consolidated Balance Sheets for the Interim Period

	(Millions of yen)		
	FY2005 Interim Period (Ended September 30, 2004)	FY2004 Interim Period (Ended September 30, 2003)	FY2004 (Ended March 31, 2004)
(1) Accumulated depreciation of tangible fixed assets	601,324	584,079	591,472
(2) Pledged assets and secured liabilities			
Pledged assets:			
Cash and cash deposits	20	20	20
Notes receivable and accounts receivable	1,122	301	271
Inventory assets	—	53	49
Buildings and structures	7,013	7,181	7,212
Machine, equipment and vehicles	488	510	491
Land	14,381	14,165	14,067
Other (Tangible fixed assets)	0	0	0
Investments in securities	41	40	43
Total	23,067	22,273	22,156
Secured liabilities:			
Short-term loans	21,151	25,489	21,147
Long-term loans	5,904	7,381	8,401
Total	27,056	32,871	29,549
(3) Guaranteed obligation	290	371	321

Consolidated Cash Flow Statement for the Interim Period

Relationship between the balance of cash and cash equivalent at the end of the interim period and the amount shown on the consolidated interim balance sheet

	(Millions of yen)		
	FY2005 Interim Period (Ended September 30, 2004)	FY2004 Interim Period (Ended September 30, 2003)	FY2004 (Ended March 31, 2004)
Cash and cash deposits	17,867	15,745	20,861
Term deposit for three months or more	(266)	(340)	(263)
Deposits	45,012	25,714	35,507
Cash and cash equivalents	62,613	41,119	56,105

Segment Information

1. Information by Industry Segment

The Daihatsu group is working in the business related to the manufacturing and sales of automobiles as its main business line. As the percentages in the total amount of net sales, operating income, and total assets of all segments occupied by the said segment are more than 90%, we omitted the description of the group's information by industry segment.

2. Information by Business Location

FY2005 interim period (From April 1, 2004 to September 30, 2004)							(Millions of yen)	
	Japan	Asia	Europe	Other regions	Total	Elimination or all businesses	Consolidated	
Net sales								
(1) Net sales to external customers	470,769	75,842	6,188	6	552,807	–	552,807	
(2) Internal sales between segments or amount of transfer	31,083	419	–	–	31,502	(31,502)	–	
Total	501,853	76,261	6,188	6	584,309	(31,502)	552,807	
Operating expenditures	488,297	73,225	6,294	17	567,835	(31,502)	536,332	
Operating income (or operating loss)	13,556	3,036	(106)	(11)	16,474	–	16,474	

Notes: 1. Classification of countries or regions is based on geographical proximity.

2. Principal countries and regions belonging to each class are as follows:

- (1) Asia: Malaysia, Indonesia
- (2) Europe: Germany

FY2004 interim period (From April 1, 2003 to September 30, 2003)							(Millions of yen)	
	Japan	Asia	Europe	Other regions	Total	Elimination or all businesses	Consolidated	
Net sales								
(1) Net sales to external customers	412,006	58,153	6,848	7	477,015	–	477,015	
(2) Internal sales between segments or amount of transfer	30,405	289	–	–	30,695	(30,695)	–	
Total	442,411	58,443	6,848	7	507,710	(30,695)	477,015	
Operating expenditures	435,471	56,749	6,834	57	499,112	(30,695)	468,417	
Operating income (or operating loss)	6,939	1,694	14	(49)	8,598	–	8,598	

Notes: 1. Classification of countries or regions is based on geographical proximity.

2. Principal countries and regions belonging to each class are as follows:

- (1) Asia: Malaysia, Indonesia
- (2) Europe: Germany, Belgium
- (3) Other regions: USA

FY2004 (From April 1, 2003 to March 31, 2004)						(Millions of yen)	
	Japan	Asia	Europe	Other regions	Total	Elimination or all businesses	Consolidated
Net sales							
(1) Net sales to external customers	864,323	116,181	13,095	12	993,613	–	993,613
(2) Internal sales between segments or amount of transfer	54,262	789	–	–	55,052	(55,052)	–
Total	918,585	116,971	13,095	12	1,048,665	(55,052)	993,613
Operating expenditures	893,691	113,531	12,991	91	1,020,307	(55,052)	965,254
Operating income (or operating loss)	24,893	3,439	104	(78)	28,358	–	28,358

Notes: 1. Classification of countries or regions is based on geographical proximity.

2. Principal countries and regions belonging to each class are as follows:

(1) Asia: Malaysia, Indonesia

(2) Europe: Germany

3. Overseas Sales

FY2005 interim period (From April 1, 2004 to September 30, 2004)				(Millions of yen)
	Asia	Europe	Other regions	Total
Overseas sales	88,210	14,802	15,148	118,161
Consolidated sales				552,807
Overseas sales as a percentage of consolidated net sales	16.0%	2.7%	2.7%	21.4%

Notes: 1. Classification of countries or regions is based on geographical proximity.

2. Principal countries and regions belonging to each class are as follows:

(1) Asia: Malaysia, Indonesia

(2) Europe: Germany, England

(3) Other regions: Venezuela, Australia

3. Overseas sales represent the sales amount of Daihatsu and its consolidated subsidiaries in the regions outside Japan.

FY2004 interim period (From April 1, 2003 to September 30, 2003)				(Millions of yen)
	Asia	Europe	Other regions	Total
Overseas sales	68,559	17,185	8,540	94,285
Consolidated sales				477,015
Overseas sales as a percentage of consolidated net sales	14.4%	3.6%	1.8%	19.8%

Notes: 1. Classification of countries or regions is based on geographical proximity.

2. Principal countries and regions belonging to each class are as follows:

(1) Asia: Malaysia, Indonesia

(2) Europe: Germany, England

(3) Other regions: Australia, Venezuela

3. Overseas sales represent the sales amount of Daihatsu and its consolidated subsidiaries in the regions outside Japan.

FY2004 (From April 1, 2003 to March 31, 2004)	(Millions of yen)			
	Asia	Europe	Other regions	Total
Overseas sales	138,029	34,160	19,922	192,112
Consolidated sales				993,613
Overseas sales as a percentage of consolidated net sales	13.9%	3.4%	2.0%	19.3%

Notes: 1. Classification of countries or regions is based on geographical proximity.

2. Principal countries and regions belonging to each class are as follows:

- (1) Asia: Malaysia, Indonesia
- (2) Europe: Germany, England
- (3) Other regions: Venezuela, Australia

3. Overseas sales represent the sales amount of Daihatsu and its consolidated subsidiaries in the regions outside Japan.

Lease Transactions

The description has been omitted because the contents are disclosed by EDINET.

Securities

Other securities with current market value

FY2005 Interim Period (as of September 30, 2004)			(Millions of yen)
Categories	Acquisition cost	Amount on the consolidated interim balance sheet	Difference
Stocks	12,279	50,324	38,044
Bonds:			
Corporate bonds	19	25	5
Total	12,299	50,349	38,050

Note: The market value of listed securities is calculated principally based on the closing price on the Tokyo Stock Exchange.

FY2004 Interim Period (as of September 30, 2003)			(Millions of yen)
Categories	Acquisition cost	Amount on the consolidated interim balance sheet	Difference
Stocks	12,274	44,677	32,402
Bonds:			
Corporate bonds	48	65	17
Total	12,322	44,742	32,420

Note: The market value of listed securities is calculated principally based on the closing price on the Tokyo Stock Exchange.

FY2004 (Ended March 31, 2004)			(Millions of yen)
Categories	Acquisition cost	Amount on the consolidated balance sheet	Difference
Stocks	12,274	61,582	49,307
Bonds:			
Corporate bonds	48	65	17
Total	12,322	61,647	49,325

Note: The market value of listed securities is calculated principally based on the closing price on the Tokyo Stock Exchange.

Derivative Transactions

The description has been omitted because the contents are disclosed by EDINET.